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## **Mexico**

### **Agricultural Situation**

#### **Weekly Highlights & Hot Bites, Issue #32**

**2001**

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#### **Report Highlights:**

**New Law to Help Mexico's Farmers\*New Corn Import Certificates for the Last Quarter 2001\*Protesting Farmers Block Port of Veracruz\*Mexican Finance Chiefs Respond to U.S. Crisis\*Mexico 1-Month T-Bill rate at 3-Month High of 9.8%**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Mexico [MX1], MX

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

**DISCLAIMER:** Any press summary contained herein does NOT reflect USDA's, the US Embassy's, or any other US Government agency's point of view or official policy.

### **NEW LAW TO HELP MEXICO'S FARMERS**

The Mexican government announced that it will provide more than US\$865 million under the proposed Law of Sustainable Rural Development. The law's intent is to remove all inequalities among national and foreign producers of agricultural products and at the same time establish programs of direct support to farmers in extreme poverty. It will also create the Intersecretarial Commission for Sustainable Development to coordinate the government's efforts in financing rural activities. The support to producers will focus on economic activities and investments. It will also focus on the development of the livestock industry and the consolidation of rural companies. With regards to plant and animal health, the law will focus on the reduction of risks in production and public health. The proposed law will be presented by the Chamber of Deputies to President Fox next week. (Source: *El Financiero*, 09/13/01)

### **PROTESTING FARMERS BLOCK THE PORT OF VERACRUZ**

Farmers from the states of Veracruz, Oaxaca, Puebla, Chihuahua, Sinaloa, Sonora, Zacatecas and San Luis Potosi blocked the Veracruz port on September 13, waiting for an answer to meet with the Secretaries of Interior, Economy and Agriculture. Farmers are protesting illegal imports and contraband of agricultural products that have caused a decline of domestic prices, as well as the high import TRQ's. Farmers protested these same issues last year at the port of Veracruz at around this time of year. This group of farmers belong to the National Group for the Defense of Agricultural Products. This group will keep demanding a meeting with the Secretary of Interior, Mr. Santiago Creel, and press the government authorities to revise to the NAFTA agreement and stop contraband. It seems that a vessel of US rice was temporarily affected, but the port is open and shipments are moving through it without delay. (Source: *El Financiero*, 9/13/01)

### **NEW CORN IMPORT CERTIFICATES FOR THE LAST QUARTER 2001**

The Secretariat of Economy (SE) assigned corn imports certificates (*cupos*) for the fourth quarter of 2001. It has thus far allocated import certificates totaling 6.097 MMT of U.S. corn. The new certificates expire on December 31, 2001, and were authorized mainly to meet the requirements of the starch industry (yellow corn) and Corn Flour Millers (white corn). According to private sources, the quota will be divided into approximately 550,000 MT of yellow corn and 230,000 MT of white corn. At the same time, livestock and animal feed producers complained that SE did not assign corn import certificates to this sector. For further information see MX1162. Source: FAS/Mexico, 9/12/01)

## MEXICAN FINANCE CHIEFS RESPOND TO U.S. CRISIS

On Tuesday, September 11, 2001, Banco de Mexico Governor Guillermo Ortiz and Finance Secretary Francisco Gil Diaz praised the behavior of Mexico's markets in the wake of unprecedented terrorist attacks in the United States. "Given the size of the tragedy, the markets acted with maturity and responsibility," said Gil Diaz. Ortiz commended the "calmness" with which the nation's financial system reacted to the crisis in the United States, saying banking operations were carried out without liquidity problems, and that the weakening of the peso was acceptable. Gil Diaz further stated that there would be no perceptible impacts from the attack on consumer prices, but also said that no one could predict the full economic impact of such a far-reaching tragedy. (Source: *El Financiero*, 9/12/01)

## MEXICO 1-MONTH T-BILL RATE AT 3-MONTH HIGH OF 9.8%

Mexico's benchmark interest rate rose to its highest level in three months following the worst terrorist attack in U.S. history. The yield on the 28-day Treasury bill, or *cete*, climbed 101 basis points to 9.76 percent, the highest level since June 5. The auction was delayed from Tuesday, September 11, 2001, following terrorist attacks on the World Trade Center in New York and the Pentagon in Washington, D.C. A survey of five analysts predicted a 50 basis-point rise in rates. The yield on the one-month *cete* jumped 254 basis points to 11.64 percent on Wednesday, September 12, in secondary trading in the wake of the attack. On Thursday, September 13, the yield fell 209 basis points to 9.55 percent in the secondary market as investors bet Tuesday's attacks won't lead to any panic in the markets. "Yesterday things were looking very complicated," said Michael Gavin, head of Latin American research at UBS Warburg LLC. (Source: *The News*, 9/13/01)

## REMINDER FOR PUBLIC COMMENTS ON PENDING PROPOSED REGULATIONS

PROY-NOM-081-FITO-2001: Proposed rule for the handling and elimination of sources of infestation of nonregulated pests, by means of establishing or regulating planting, harvest and destruction of residue dates. **Deadline for Comments: October 29, 2001.**

## REPORTS SUBMITTED RECENTLY BY FAS/MEXICO

Report #	Title	Date
MX1159	Weekly Highlights & Hot Bites, Issue #31	9/6/01
MX1160	Deciduous Fruit Annual Report 2001/02	9/7/01
MX1161	Mexico Expropriated 27 Sugar Mills	9/10/01
MX1162	Mexican Government Announces Corn Import Certificates for the Fourth Quarter of 2001	9/12/01

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